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DIRECTORATE OF  
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SECRET

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# *Central Intelligence Bulletin*

## CONTENTS

SOUTH VIETNAM: Situation report. (Page 1)

ASEAN: The five nations hold political talks.  
(Page 2)

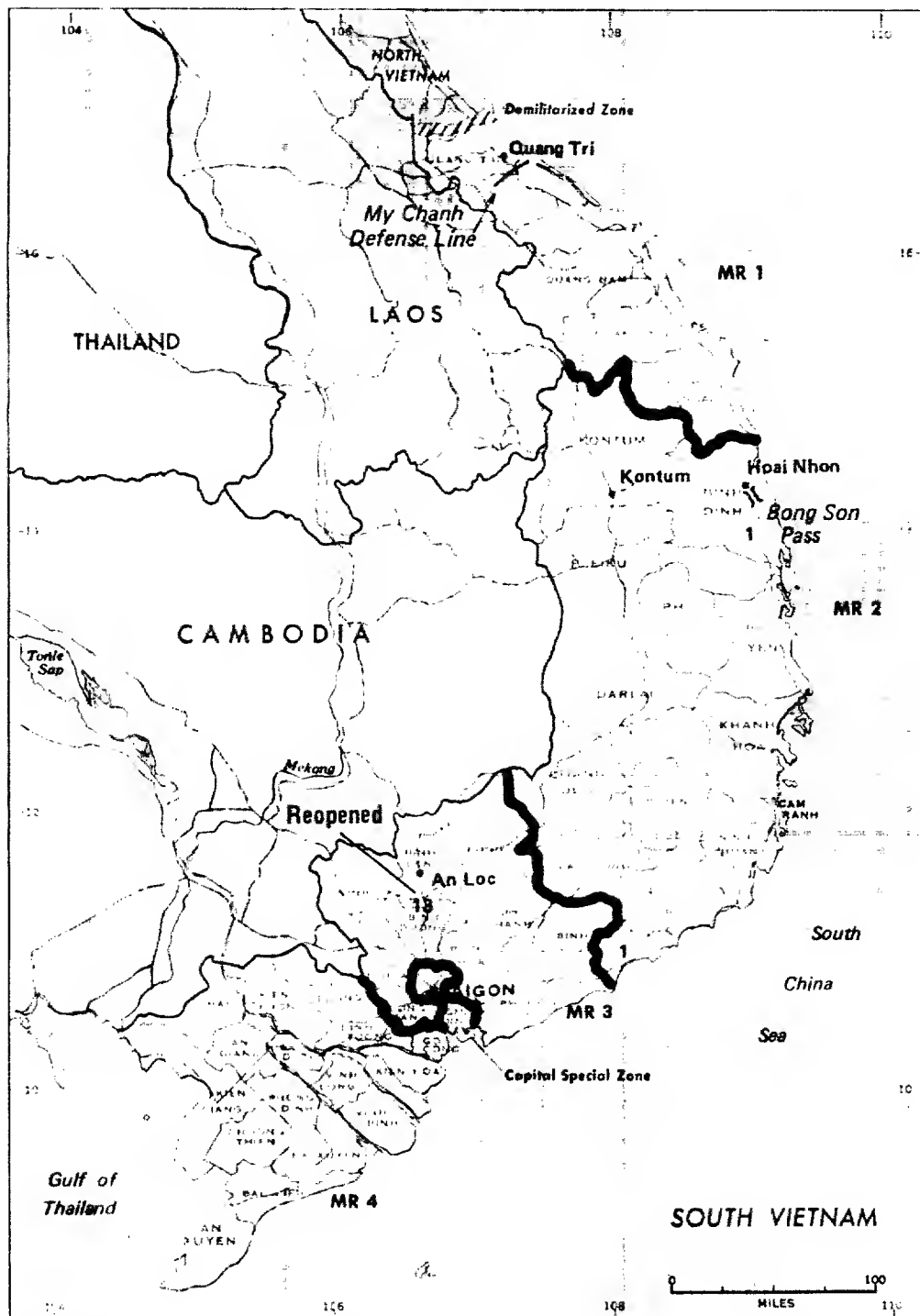
THE NETHERLANDS: The prime minister and his cabinet  
resign. (Page 3)

BURMA: Stricken leader (Page 4)

PHILIPPINES: Floods damage rice crops (Page 4)

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**SOUTH VIETNAM:** South Vietnamese forces have registered gains north of Saigon and along the coast. Fighting throughout most of the country remains relatively light.

Elements of Saigon's 25th Division cleared the last of the Communist blocking forces from Route 13 south of An Loc on 20 July. The government plans to send a convoy up the road today. Route 13 had been closed since 5 April, when the siege of An Loc began, and efforts to open it had been repeatedly frustrated by well-entrenched enemy troops.

In coastal Military Region 2, the government counteroffensive into the northern districts of Binh Dinh Province is proceeding against only light enemy resistance. South Vietnamese Army troops and tanks moved through the Bong Son Pass and reached a point about one mile south of enemy-held Hoai Nhon district town.

Fighting around Quang Tri City remains at a reduced level, although government units in the area continue to come under frequent enemy shelling. Just to the south, an enemy battalion is reported to have attacked government troops near Route 1 along the My Chanh defense line, the jumping-off point for the government drive into Quang Tri Province. This area had seen little combat since the offensive began on 28 June. Recently, however, there have been indications of a Communist intention to attack South Vietnamese forces in Quang Tri from the rear, cut them off, and take advantage of the thinned-out government defenses farther south.

Elsewhere, South Vietnamese Army troops patrolling northwest of Kontum City were attacked and suffered losses of more than 100 killed, wounded, and missing. This is the second such attack in this area in three days by an enemy unit believed to be screening the withdrawal of other Communist forces from the Kontum battlefield. In the delta, the Communists are continuing to harass isolated government positions.

21 Jul 72

Central Intelligence Bulletin

1

25X1

~~SECRET~~

SECRET

ASEAN: The first informal political consultations of the Association of Southeast Asian Nations (ASEAN) produced no tangible results, but were another halting step toward more meaningful regional cooperation.

The session held on 13-14 July will help reinforce the idea that ASEAN is a proper forum for the discussion of political affairs. The ministers agreed that periodic "informal consultations" are a useful way in which the five members--Thailand, Malaysia, Singapore, Indonesia, and the Philippines--can work together to safeguard the interests of the region.

On substantive matters, the foreign ministers agreed on a proposal for ending the Indochina war (which Indonesia is to present to the protagonists.) The most heated discussions centered on the two key issues over which the partners have had serious differences--neutralization of Southeast Asia and the convening of an ASEAN heads-of-state meeting. A joint statement pays lip service to the idea of neutralization, but Malaysia's sponsorship of the idea ran into strong opposition, particularly from the Thais who are reluctant to support at this time anything that might encourage a US withdrawal from Thai bases.

The participants postponed a Philippine offer to host a heads-of-state meeting in Manila by referring it to a technical committee. The other four members are reluctant to risk their prestige in what would be a well-publicized summit until they are sure that such a meeting would accomplish something concrete.

25X1

SECRET

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THE NETHERLANDS: Prime Minister Biesheuvel and his cabinet resigned yesterday. Queen Juliana probably will ask Biesheuvel to form an interim government pending new elections.

Differences over how to deal with inflation and the expectation of a billion-dollar deficit in next year's budget brought an early end to the one-year-old government. Biesheuvel failed to save his fragile five-party coalition after two cabinet ministers representing the Democratic Socialist Party resigned on 17 July.

Biesheuvel probably will try to govern without the Democratic Socialists, and without changes in domestic and foreign policy, for as long as possible. This will be difficult because there are many issues creating discord among the remaining coalition parties, and a four-party arrangement would be a minority government. Nevertheless, Biesheuvel could rely on the tacit support of a handful of ultraconservative Calvinists in parliament until he decides to call elections. The government parties generally agree that scheduling elections as late as possible, preferably for the spring of 1973, would be in their interest.

25X1

21 Jul 72

Central Intelligence Bulletin

3

~~SECRET~~

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BURMA: Deputy Prime Minister San Yu has reportedly suffered a heart attack or stroke. If true, his illness will reopen the succession problem in Burma. Prime Minister Ne Win, who has led Burma's military government since 1962 and is himself in uncertain health, established San Yu as his successor during the government reorganization of last April. No individual below San Yu has the inside track to succeed Ne Win. It is even unclear who will act as prime minister until Ne Win, who is now in London, returns to Burma. [REDACTED]

25X1

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PHILIPPINES: The country's worst floods in more than a quarter of a century will cut into its already inadequate rice supplies. Damage to a recently planted crop in a major rice producing area is likely to be extensive. Moreover, rice stockpiled also may have been damaged. Manila required large imports in 1971, and record purchases already were planned for 1972. Thus far this year the government has contracted for 300,000 tons of milled rice from abroad and was searching for an additional 200,000 tons before the recent floods struck. Now, even 500,000 tons of imported rice will not be enough to meet the country's requirements. [REDACTED]

25X1

21 Jul 72

Central Intelligence Bulletin

4

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